

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

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## MEMORANDUM

TO: Newburyport Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 25, 2018

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule is effective in FY19 (since the amount under the prior schedule was maintained in FY19) and is acceptable under Chapter 32.

The Board maintained the investment return assumption of 7.50% used in the 2016 actuarial valuation. Although this assumption is acceptable, we recommended a 7.35% assumption. For comparison, there are currently 28 systems using an assumption greater than 7.50% (predominantly 7.75%), 33 systems with an assumption of 7.50%, and 43 systems using an assumption of less than 7.50% (predominantly 7.35% - 7.40%). We expect some additional systems to reduce this assumption once all the 2018 valuations have been completed.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

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**Newburyport Retirement System**  
**January 1, 2018 Actuarial Valuation**

Total cost increases 5.0% per year until FY34 with a final amortization payment in FY35

<b>Fiscal Year</b>	<b>Normal Cost</b>	<b>Net 3(8)(c)</b>	<b>Amort. of 2002 ERI</b>	<b>Amort. of 2003 ERI</b>	<b>Amort. of UAL</b>	<b>Total Cost</b>	<b>Unfunded Act. Liab.</b>	<b>Change in Cost</b>
2019	1,787,837	60,000	173,007	75,516	2,790,315	4,886,675	43,462,578	
2020	1,868,289	60,000		75,516	3,127,204	5,131,009	43,455,520	5.0%
2021	1,952,362	60,000			3,375,197	5,387,559	43,271,760	5.0%
2022	2,040,219	60,000			3,556,719	5,656,937	42,888,805	5.0%
2023	2,132,028	60,000			3,747,756	5,939,784	42,281,993	5.0%
2024	2,227,970	60,000			3,948,804	6,236,773	41,424,306	5.0%
2025	2,328,228	60,000			4,160,384	6,548,612	40,286,165	5.0%
2026	2,432,999	60,000			4,383,044	6,876,042	38,835,215	5.0%
2027	2,542,484	60,000			4,617,361	7,219,845	37,036,084	5.0%
2028	2,656,895	60,000			4,863,942	7,580,837	34,850,127	5.0%
2029	2,776,456	60,000			5,123,423	7,959,879	32,235,149	5.0%
2030	2,901,396	60,000			5,396,477	8,357,873	29,145,106	5.0%
2031	3,031,959	60,000			5,683,807	8,775,766	25,529,776	5.0%
2032	3,168,397	60,000			5,986,157	9,214,555	21,334,417	5.0%
2033	3,310,975	60,000			6,304,307	9,675,282	16,499,378	5.0%
2034	3,459,969	60,000			6,639,078	10,159,046	10,959,701	5.0%
2035	3,615,667	60,000			4,644,671	8,320,338	4,644,671	-18.1%
2036	3,778,372	60,000				3,838,372	0	-53.9%

Appropriation payments assumed to be made on July 1 of each fiscal year

Normal cost assumed to increase 4.5% per year

Assumed expenses of \$500,000

FY19 amount maintained at level of current funding schedule